
HOUSE BILL 2666

State of Washington 58th Legislature 2004 Regular Session

By Representatives Moeller, Santos, Upthegrove, Chase, Hudgins and Wood

Read first time 01/19/2004. Referred to Committee on Finance.

1 AN ACT Relating to eliminating the tax exemption for initiation
2 fees and dues paid to persons providing amusement and recreation
3 services, physical fitness services, and lodging and related services;
4 amending RCW 82.08.010 and 82.04.4282; and providing an effective date.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 82.08.010 and 2003 c 168 s 101 are each amended to
7 read as follows:

8 For the purposes of this chapter:

9 (1) "Selling price" includes "sales price." "Sales price" means
10 the total amount of consideration, except trade-in property of like
11 kind, including cash, credit, property, and services, for which
12 tangible personal property or services defined as a "retail sale" under
13 RCW 82.04.050 are sold, leased, or rented, valued in money, whether
14 received in money or otherwise. No deduction from the total amount of
15 consideration is allowed for the following: (a) The seller's cost of
16 the property sold; (b) the cost of materials used, labor or service
17 cost, interest, losses, all costs of transportation to the seller, all
18 taxes imposed on the seller, and any other expense of the seller; (c)
19 charges by the seller for any services necessary to complete the sale,

1 other than delivery and installation charges; (d) delivery charges; (e)
2 installation charges; and (f) the value of exempt tangible personal
3 property given to the purchaser where taxable and exempt tangible
4 personal property have been bundled together and sold by the seller as
5 a single product or piece of merchandise. "Sales price" includes all
6 initiation fees and dues received by persons engaging in amusement and
7 recreation services under RCW 82.04.050(3)(a), physical fitness
8 services under RCW 82.04.050(3)(g), or lodging and other services under
9 RCW 82.04.050(2)(f).

10 When tangible personal property is rented or leased under
11 circumstances that the consideration paid does not represent a
12 reasonable rental for the use of the articles so rented or leased, the
13 "selling price" shall be determined as nearly as possible according to
14 the value of such use at the places of use of similar products of like
15 quality and character under such rules as the department may prescribe.

16 "Selling price" or "sales price" does not include: Discounts,
17 including cash, term, or coupons that are not reimbursed by a third
18 party that are allowed by a seller and taken by a purchaser on a sale;
19 interest, financing, and carrying charges from credit extended on the
20 sale of tangible personal property or services, if the amount is
21 separately stated on the invoice, bill of sale, or similar document
22 given to the purchaser; and any taxes legally imposed directly on the
23 consumer that are separately stated on the invoice, bill of sale, or
24 similar document given to the purchaser;

25 (2) "Seller" means every person, including the state and its
26 departments and institutions, making sales at retail or retail sales to
27 a buyer, purchaser, or consumer, whether as agent, broker, or
28 principal, except "seller" does not mean the state and its departments
29 and institutions when making sales to the state and its departments and
30 institutions;

31 (3) "Buyer," "purchaser," and "consumer" include, without limiting
32 the scope hereof, every individual, receiver, assignee, trustee in
33 bankruptcy, trust, estate, firm, copartnership, joint venture, club,
34 company, joint stock company, business trust, corporation, association,
35 society, or any group of individuals acting as a unit, whether mutual,
36 cooperative, fraternal, nonprofit, or otherwise, municipal corporation,
37 quasi municipal corporation, and also the state, its departments and

1 institutions and all political subdivisions thereof, irrespective of
2 the nature of the activities engaged in or functions performed, and
3 also the United States or any instrumentality thereof;

4 (4) "Delivery charges" means charges by the seller of personal
5 property or services for preparation and delivery to a location
6 designated by the purchaser of personal property or services including,
7 but not limited to, transportation, shipping, postage, handling,
8 crating, and packing;

9 (5) The meaning attributed in chapter 82.04 RCW to the terms "tax
10 year," "taxable year," "person," "company," "sale," "sale at retail,"
11 "retail sale," "sale at wholesale," "wholesale," "business," "engaging
12 in business," "cash discount," "successor," "consumer," "in this state"
13 and "within this state" shall apply equally to the provisions of this
14 chapter;

15 (6) For the purposes of the taxes imposed under this chapter and
16 under chapter 82.12 RCW, "tangible personal property" means personal
17 property that can be seen, weighed, measured, felt, or touched, or that
18 is in any other manner perceptible to the senses. Tangible personal
19 property includes electricity, water, gas, steam, and prewritten
20 computer software.

21 **Sec. 2.** RCW 82.04.4282 and 1994 c 124 s 3 are each amended to read
22 as follows:

23 In computing tax there may be deducted from the measure of tax
24 amounts derived from bona fide (1) initiation fees, (2) dues, (3)
25 contributions, (4) donations, (5) tuition fees, (6) charges made by a
26 nonprofit trade or professional organization for attending or occupying
27 space at a trade show, convention, or educational seminar sponsored by
28 the nonprofit trade or professional organization, which trade show,
29 convention, or educational seminar is not open to the general public,
30 (7) charges made for operation of privately operated kindergartens, and
31 (8) endowment funds. This section shall not be construed to exempt any
32 person, association, or society from tax liability upon selling
33 tangible personal property or upon providing facilities or services for
34 which a special charge is made to members or others. If dues are in
35 exchange for any significant amount of goods or services rendered by
36 the recipient thereof to members without any additional charge to the

1 member, or if the dues are graduated upon the amount of goods or
2 services rendered, the value of such goods or services shall not be
3 considered as a deduction under this section.

4 The deduction under this section for initiation fees and dues is
5 not available to any person engaging in amusement and recreation
6 services under RCW 82.04.050(3)(a), physical fitness services under RCW
7 82.04.050(3)(g), or lodging and other services under RCW
8 82.04.050(2)(f).

9 NEW SECTION. **Sec. 3.** This act takes effect July 1, 2004.

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